

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554
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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)	
)	
Price Cap Performance Review)	CC Docket 94-1
for Local Exchange Carriers)	

COMMENTS OF
THE COUNCIL OF CHIEF STATE SCHOOL OFFICERS, and
THE NATIONAL ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS

The Council of Chief State School Officers and the National Association of Secondary School Principals (hereinafter collectively referred to as "Commenters") submit the following Comments in the above referenced proceeding.

The Council of Chief State School Officers is the Washington-based organization of officials heading state agencies primarily, although not solely, responsible for elementary and secondary education. Its members are public officials who are either appointed by state boards, governors or legislatures, or elected to their responsibilities.

The National Association of Secondary School Principals provides middle, junior and senior high school administrators support they need to administer effective schools. It has 43,000 members.

Commenters represent their members in advocating solutions to the urgent need for classroom and school connections to the National Information Infrastructure (NII) so that the promise of advanced telecommunications applications for education will be

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available to all students regardless of location or economic circumstance.

The Commission should consider the nexus between the Clinton Administration's goal of connecting all schools in America to the NII by the year 2000 and the Local Exchange Carrier (LEC) Price Cap rules. Specifically, the Commission should develop appropriate incentives to encourage LECs to connect all elementary and secondary school classrooms in their service areas to the NII.

The Commission recognizes the critical role that an advanced telecommunication infrastructure can play in education, and that,

"...many of the local links in this infrastructure will be provided by the price cap LECs. Revisions to the LEC price cap plan may help this infrastructure achieve its full potential." (emphasis added)¹

It is appropriate, therefore, that the Commission identifies infrastructure development as its Number 1 baseline issue and asks:

"Whether, and if so how, the Commission should revise the LEC price cap plan to support the development of a ubiquitous national information infrastructure."²

The Commission should revise the LEC price cap plan to support classroom connections to the NII.

In its Notice of Proposed Rulemaking, the Commission notes that the LEC Price Cap Rules have achieved the goals of lower interstate access rates and greater LEC efficiency. Interstate access rates "are currently \$1.5 billion lower than at the start of

¹ Federal Communications Commission. In the Matter of Price Cap Performance Review for Local Exchange Carriers. Notice of Proposed Rulemaking (NOPR). February 16, 1994. CC Docket No. 94-1, at 15.

² Ibid.

price caps, despite overall inflation in the economy of 11.6 percent."³

Under the sharing mechanism of the current LEC Price Cap Rules, a LEC must share with the interexchange carriers (IXCs) its earnings above 12.25 percent or 13.25 percent depending on the productivity offset used by the LEC.

Not surprisingly, the Commission notes that: (i) price cap LECs "have suggested that rate of return prescription and sharing mechanism are inappropriate under price caps";⁴ and, (ii) the IXCs believe that the sharing mechanism has not worked properly and that the price cap LECs should be returning even more money.

The Commission should look beyond the question of how to distribute earnings generated by the efficiencies of price cap regulation among potentially competing firms. The Commission should develop appropriate incentives to increase LEC investment in connecting classrooms to the NII.

This is consistent with a series of recommendations prepared by the National Coordinating Committee on Technology in Education and Training (NCC-TET).

In its report, the NCC-TET notes:

"Accessing the best and most recent information to do a job or perform a task must become a cultural norm by the end of the century. It is especially critical that our schools develop this capacity. As Vice President Gore noted during his

³ FCC. NOPR. At 9.

⁴ FCC. NOPR. At 22.

January visit to Los Angeles, 'When it comes to ensuring universal service, our schools are the most impoverished institutions in society.'"⁵

And,

"It is clear that if our education system is to have universal access to a broadband NII, its use must be adequately subsidized in some fashion."⁶

By raising these issues during the Comment period, Commenters intend to stimulate Reply Comments from the education community and the telecommunications industry as to how such a program could be established.

Finally, although the right incentives in a price cap regime could result in substantial investment for connecting schools to the NII, such incentives alone may be insufficient to reach the Clinton Administration's goal of connecting every school in America to the NII by the year 2000. Competition for access services is growing⁷ and Congress is considering proposals that will speed the arrival of local competition.⁸ In such a pro-competitive

⁵ National Coordinating Committee on Technology and Education (NCC-TET). The National Information Infrastructure: Requirements for Education and Training. March 25, 1994. At 3.

⁶ Ibid.

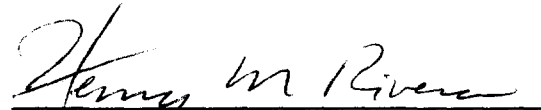
⁷ For example, on Monday, April 25, 1994, the Maryland Public Utility Service approved an application from MFS Communications Company, Inc., to offer local telephone service in Maryland and to interconnect with facilities owned by Bell Atlantic-Maryland. The decision will allow MFS to offer a complete range of local telephone services, including access to interexchange carriers.

⁸ For example, H.R. 3636, the "National Communications Competition and Information Infrastructure Act of 1993," and S. 1822, the "Communications Act of 1994," include provisions that remove state and local barriers to entry into the telecommunications services market and require local exchange carriers to allow competitors to interconnect with their

environment, the price cap rules, indeed all regulation, may be phased out.

Therefore, Commenters are mindful of the fact that other mechanisms may be needed to encourage investment necessary to connect schools to the NII. Commenters respectfully suggest, however, that the current proceedings afford the Commission an opportunity to use resources currently in the telephone system to move toward the goal of connecting all schools to the NII by the year 2000.

Respectfully submitted,



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facilities. The bills also establish interoperability and other requirements to ensure "seamless" operations in competitive local telephone markets.